



US Army Corps  
of Engineers®

# The BOTTOM LINE

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## **Financial Management Distance Learning**

by Thomas McQuillen

Last October's Engineer Update featured, on the front page, an article about our Corps of Engineers "Virtual Campus", which exists right under our noses. I somehow missed that issue of the Engineer Update, and so did "virtually" everyone I have talked to about it! The article can be found through the Public Affairs link on the Headquarters Internet Home Page, and is a worthy read, if you have the time. Also, if you have the inclination to better yourself through training, and are willing to make the time to allow this to happen, the "Virtual Campus" is a handy way of doing so, without the sometimes trying and burdensome effort of traveling!

What I am asking you to focus in on here is the Basic Financial Management Course, which consists of four modules, including Authorizations and Appropriations; Statutory Constraints on uses of funds; Funds Management; and Legislative initiatives in Financial Management and the CFO Act. The "Purple Book", our PROSPECT training course handbook, indicates that these four modules take approximately 8 hours to complete, and are well worth the effort, if you have any involvement with day-to-day financial transactions. The distance learning website is accessible through the Human Resources link on the headquarters home page, but is also available through either keying in, or clicking on (if you are looking at the web version of this publication)

<http://pdsc.usace.army.mil/common/public/html/index.htm>. Your first stop must be at the "Registrar's Office" if you intend to take this training, and you will be guided through the steps to register by merely clicking through the steps there. Although there is some added "administrivia" with regard to CEFMS input, these steps provide added assurance to the student to substantiate that the training was actually accomplished, an area found weak with other distance learning products.

Our Purple Book states that distance learning is a cost effective way of achieving our training mission; however, an example brought to one of our distance learning development meetings gave this statement real meaning for me. The proponent for one of our PROSPECT courses brought in data gathered from one PROSPECT course: over 17 years, we had been able to train approximately 1900 students in this particular course. This sounds pretty good, until you consider that the 1900 students were out of an

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estimated training population of 10,000, and that the course had been through many significant changes over that 17 years! My thinking as a PROSPECT instructor for 13 years had been that there is no substitute for face-to-

face classroom training; however the above example has changed that thinking. In addition to higher possible saturation of the training population with less travel expense, web-based training is also easier to keep current and relevant for the student.

As we progress in the distance learning realm, we are also striving to make the training experience more entertaining and exciting for the trainee. New developments with regard to animation and video that can be displayed, even through modem access, and for a reasonable cost, will allow our distance learning products, as well as other web applications, to be made more user friendly in the near future. Also in the works with regard to our Financial Management course, are four more modules, namely, Time and Attendance, Purchase Card, Cost of Doing Business and Travel. We expect these next four to be ready later this year. I highly encourage you to take a look at our Corps of Engineers Virtual Campus, as well as other distance learning offerings, as a way to enrich yourself at little or no cost, while making your job easier through the knowledge gained!

## **On-Line Payment and Collection System, OPAC**

by Edsel Fraley

**T**here is a mechanism for Federal agencies to pay (and likewise collect) amounts due one another using electronic means much like the Direct Deposit, or Electronic Fund Transfer (EFT) we use for our travel settlements and payroll earnings. It is called the On-Line Payment and Collection System (OPAC), and is a component of the Treasury's Government On-line Accounting Link System (GOALS), governed by the Treasury Financial Manual

(TFM Volume 1, Part 6 Chapter 4000). Its purpose is to serve as an automated means for two Federal Agencies to input required data to process billing and collection transactions electronically. The benefits: eliminates hard copies; collections and payments are received overnight; standardizes collection and payment adjustment process with all agencies; and simplifies month-end (disbursement reporting) processes.

OPAC is available to agencies that have an eight digit Agency Location Code (ALC). Treasury issues identification numbers and passwords for access to all disbursing officers that elect to participate. Once Treasury gives access information to a Disbursing Station ALC, the ALC must negotiate a Trading Partnership Agreement, (TPA). Each Disbursing Station ALC is responsible for negotiating and maintaining a file of signed TPAs. This agreement between the three parties involved, the billing agency, the collecting agency, and the Treasury must be signed in order for one Federal ALC to bill or collect from another Federal ALC. Signed TPA files are maintained by each Disbursing Office ALC. The US Army Corps of Engineers has the following ALCs with Treasury:

| <i>Field Operating Activity (FOA)</i>   | <i>Civil Funded ALC</i> | <i>Military Funded ALC</i> |
|---|-------------------------|----------------------------|
| TO — USACE Finance Center               | 00008736                | 00008735                   |
| J3 — POD — Honolulu District            | 00005544                | 00006417*                  |
| NO — TAC — Transatlantic Program Center | 00005559                | 00006436*                  |

\*POD and TAC will soon be consolidated into the UFC, and the Corps of Engineers will then have only two ALC's.

Each USACE Disbursing Station activity negotiates individual Trading Partner Agreements. Each Corps Disbursing Station ALC is responsible for pulling, posting, adjusting, reporting and reconciling with Treasury. They all have signed TPAs among themselves. The USACE Finance Center (UFC), negotiates all TPAs for the National Capitol Region, a listing of approved TPAs can

be found at the USACE Finance Center web site <http://www.fc.usace.army.mil>, under publications, miscellaneous. Currently the Finance Center's policy accepts all Civil Funded OPAC transactions. Military Funded ALC transactions are only accepted within the Corps of Engineers. A UFC Standard Operating Procedure (SOP) can also be found at the above web address.

The Corps of Engineers Financial Management System (CEFMS) has been modified to accommodate OPAC transactions. When a Customer Order Work Item is created, (CEFMS screen 2.1), the person creating the work item should be aware of the Assign Command Indicator button at the bottom. They should assign the unique Command Indicator Code: **99OPC** for all customer orders that have a signed OPAC TPA. This Command Indicator Code will print at the top of every SF1080 billing and be quickly identified by the UFC that an OPAC method of payment should be initiated.

Another important modification made to CEFMS was to the government order obligation acceptance screen (CEFMS screen 2.34.14). When a government order is obligated the Trading Partner Agreement block should be marked "Y" for all Customers that have a signed TPA. If this has not been done an amendment should be made to the government order. This will allow the correct payment screen to be used by the UFC.

This Finance Office receives frequent inquiries from the UFC relative to OPAC payments. Usually the problem encountered is that the obligation has an insufficient balance for paying the other agency. Since OPAC rules allow a very limited timeframe for rejection of transactions, it is of utmost importance that if you are called by our office and asked to increase such an obligation, that you either increase the obligation quickly, or let us know why the UFC should reject the transaction. With us all working together, we can make this system, which is a highly efficient financial enhancement, run smoothly!

## **Split-Disbursement Option for Travel Payments**

by Chris Mullen

**T**here is a new option available for Corps of Engineers travelers when filing their travel vouchers, DD Form 1351-2 in CEFMS. Split-Disbursement will allow the traveler to have part of their entitlements go directly to the Government travel charge card (currently Bank of America - VISA) for payment on



their account, with the remainder sent to their checking or savings account for those participating in the Electronic Funds Transfer (EFT) program. Those not participating in EFT would receive a Treasury check for any remaining amount. This new option reduces or eliminates the amount the traveler owes the credit card company when the bill comes due or eliminates the need for the traveler to write a personal check after receipt of the travel settlement. This option also provides a quicker payment to the credit card company with a reduction or elimination of past due accounts.

The USACE Finance Center Financial Systems Development and Maintenance Directorate has already made the necessary program changes in CEFMS to accommodate this new option. Instructions have also been sent out through the Travel Approving Official Mail Group medium in an effort to get the word out to our team members. If you have any questions please feel free to give me a call at 428-9517.

## **What is a Prevalidation? How Can This Prevalidation Get a Person in Trouble?**

by Marie Riddick

### **WHAT IS A PREVALIDATION?**

**W**hen a Defense Finance and Accounting Service (DFAS) office which is responsible for

making disbursement (payment) on one of our Corps of Engineers obligating documents (such as a contract) receives an invoice and receiving report, and can therefore make payment, the



law requires that they make contact with the entity whose funds are cited on the contract to ensure that funds are available for the payment they are about to make. This is called a prevalidation, which is a pre-approval to DFAS, confirming not only that the funds are available, but also that there is an obligation on our books to pay the contractor's bill.

Prior to passage of the Grassley Amendment in 1995, the Department of Defense had large balances of what we then called unmatched disbursements (now called "problem disbursements") due to the fact that most accounting systems in use had been designed to accommodate the Prompt Payment Act, and allowed payment to be made without regard to whether an obligation had been recorded. This practice, which you may have read about in newspaper articles, was nicknamed "pay and chase" because the obligation then had to be tracked (chased) down. In addition, many erroneous payments were made due to these pay and chase practices.

The Grassley Amendment now requires the above stated prevalidation to take place for all payments greater than \$35,000.

What typically happens is that DFAS contacts the local Finance and Accounting, (F&A) office (identified through the fund cite on the contract or other purchase instrument) and obtains a written verification that there is an obligation available to pay the contractor's bill. DFAS requests the approval be obtained the same day. Unfortunately DFAS has contacted us on many occasions about payment for contractor bills and the contracts were not in CEFMS. We have had to contact the applicable field operating activity (FOA) point of contact in

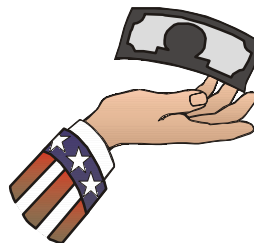
many instances, to make sure funds were available (the funds may look available in CEFMS, but we don't know whether there is some other intended use for those funds) and then that the obligation is recorded.

### **HOW CAN THIS PREVALIDATION GET A PERSON IN TROUBLE?**

As stated above, there have been many instances in which DFAS has requested prevalidation and an obligation has not been recorded in CEFMS. An antideficiency violation may occur if an obligation has not been recorded and funds are not available to record the obligation. Guess what? The person responsible for the cited funds may possibly be in a little trouble! However, this does not have to happen. For example, when you send a Government Order (MIPR) to another (performing) activity, please find out if that activity will use the MIPR for a contract. Your point of contact at the performing activity will need to obtain a copy of the contract and you will need to ensure that one of our team members from the HECSA RM Office receives and inputs the contract obligation in CEFMS. Taking these steps will ensure that we are able to provide a prompt prevalidation to DFAS when we are contacted, and also, that no one "gets in trouble"!

### **Reimbursement for Professional Liability Insurance (PLI)**

by Gail Mollison



**S**ection 636 of the Treasury, Postal Service, and General Appropriations Act for Fiscal Year 1997, Public Law 104-208, as amended, requires

agencies to reimburse qualified employees for up to one-half the cost incurred for Professional Liability Insurance (PLI), but not to exceed \$150.00 per year. Employees eligible to receive reimbursement for professional liability insurance are law enforcement officers as defined in section 636(b) of the 1997 Act and



supervisors and management officials as defined by 5 USC §7103(a). The provisions of this new authority became effective October 1, 1999.

The Office of Personnel Management (OPM) does not plan to issue regulatory guidance on this issue, but in coordination with the Defense Finance and Accounting Service and the DoD Office of the General Counsel, has prepared DoD guidance to assist in implementing this new authority. This guidance can be found at [http://www.cpms.osd.mil/fas/benefits/pdf/pli\\_all.pdf](http://www.cpms.osd.mil/fas/benefits/pdf/pli_all.pdf). You will also find provisions of the Statute and United States Code as well as common questions and answers on this site.

Consistent with Public Law 106-58, Treasury and General Government Appropriations Act, 2000, Corps activities will fund this program from appropriations available for civilian personnel costs. Supervisors and management officials who qualify for reimbursement should complete an SF1164, Claim for Reimbursement for Expenditures on Official Business, in CEFMS. The claimant or someone else on their behalf completes the new SF1164 CEFMS screens as described in previous guidance distributed by CEHEC-ZC e-mail dated 29 March 2001, subject: New CEFMS Functionality for SF1164/Professional Liability Insurance (PLI). Once the SF1164 is completed and committed, the PR&C requires approval and certification, the same as a regular purchase request. The claimant should provide supporting documentation to the approving official prior to them signing the SF1164 reimbursement request. Documentation should be an invoice from the insurance carrier (to verify the cost of the premium, the policy number, and the name of the insurance company) and proof of payment. Guidance on the approval/certification process of SF1164's was previously distributed by CEHEC-RM e-mail dated 26 April 2001, subject: SF1164 Business Process for Non-Local Travel Reimbursements.

Upon completion of the approval process, supporting documentation must be forwarded to CEHEC-RM for certification and processing of the purchase request for disbursement by the USACE Finance Center (UFC). HQUSACE

personnel should fax documentation to CEHEC-RM-F at 428-6284. HECSA and 249<sup>th</sup> Engineer Battalion personnel should fax documentation to CEHEC-RM-B at 428-7287. ***The only way for CEHEC-RM personnel to be aware that there are purchase requests awaiting processing is when they receive documentation indicating such.*** Receipts should be annotated with the CEFMS SF1164 Purchase Request number and the Miscellaneous Disbursement number generated from CEFMS. CEFMS print screen after approval may be used. Upon certification, CEHEC-RM-F/B will forward the documentation to the UFC.

The UFC Disbursing Operations Branch will certify for disbursement based on submitted documentation and the SF1164 Approver signature in CEFMS. Documentation for SF1164 reimbursements will be maintained at the UFC and will not be returned to the field operating activities.

Electronic Funds Transfer (EFT) is the preferred method of reimbursement. All employees are encouraged to submit a Direct Deposit Authorization Form to the Finance Center Disbursing Division, Check Issue Branch, if EFT account information has not been previously established.

## **The Prompt Payment Act (PPA)...It's Not Just a Good Idea – IT'S THE LAW!**

by Chris Mullen and Mindy Cropp

**A**s an authorized receiver are you aware that timely and accurate submission of receiving reports for goods/services received from vendors is mandated by law? Congress enacted the PPA (**31 U.S.C. CHAPTER 39**) in 1982 to ensure federal agencies pay their bills on time. Basically, the PPA requires that federal agencies make payment on or not more than seven days prior to the pre-determined



reports for goods/services received from vendors is mandated by law? Congress enacted the PPA (**31 U.S.C. CHAPTER 39**) in 1982 to ensure

payment due date for invoices submitted by vendors. Under the PPA there is only one correct payment due date. In order to calculate this date, the following must exist: 1) obligation, 2) invoice and 3) receiving report. In most cases, the payment due date is 30 days following the acceptance of goods/services or the receipt of the invoice in the billing office (designated in the contract) whichever is later. For amounts not paid by the payment due date, the Government is obligated to pay interest at a rate established by the Secretary of the Treasury. To further ensure vendors were paid timely, Congress amended the PPA in 1988 to add the concept of constructive acceptance. Constructive acceptance occurs seven days after receipt of goods/services. This was instituted largely because there were no constraints in the original PPA on how long the Government could take to accept goods/services. Since the "clock" typically did not start until goods/services were accepted, vendors were being paid months after the actual delivery or performance, and they were not being paid interest penalty.

Far too often the reason vendors are not paid on time, is the failure on the part of the Government to promptly file a receiving report. Additionally, many vendors do not receive interest penalty due to incorrect information provided on receiving reports.

**Food for Thought:** So far for FY 2001, approximately \$8900 in interest penalty has been incurred by supported activities within the National Capital Region of which 88% can be attributed to late submission of receiving reports. Interest penalty payments are charged to each activity's operating funds.

Basically, two dates are required when preparing a receiving report: 1) receipt and 2) acceptance. Many authorized receivers mistakenly believe that receipt and acceptance of goods/services are the same and therefore cite the same date for both. However, it is important for those preparing receiving reports to understand that receipt and acceptance cannot be used interchangeably. Receipt of goods simply means the vendor has deposited the shipment in the area designated on the contract. Acceptance of goods occurs when a

representative of a federal agency verifies the goods received meet the specifications outlined in the contract. Receipt of services occurs when the vendor finishes performing the services. Acceptance of services occurs when a representative of a federal agency verifies the services meet the contract specifications. While receipt and acceptance may occur on the same date, it is not uncommon for acceptance to occur a few days after receipt.

One other thing to keep in mind is vendors are entitled to an Office of Management and Budget (OMB) Penalty if they are not paid interest penalty when it is due. If the vendor can prove that they are entitled to interest penalty (i.e. receipt occurred earlier than stated on the receiving report) within the required timeframe, not only will they receive the amount of interest owed, but they will also receive the OMB Penalty. Since the OMB Penalty is exactly 100% of the interest owed, the amount of interest penalty paid is double what it would have originally been had the correct information been provided on the receiving report.

The PPA was not designed to force the Government to accept goods/services within a specified time but to ensure vendors are paid on time for services rendered or receive interest penalty when payments are late. Prompt and accurate preparation of receiving reports is vital to ensure vendors providing goods/services to the Government are paid properly and on time.

The following resources are available to help those responsible for preparing receiving reports:

DFAS-IN 37-1 (Chapter 9, Appendices E & F)  
<http://www.asafm.army.mil/DFAS/DFAS37-1.asp>

CEFC-AO SOP No. UFC-13, dated 9 Apr 1999, subject: Standing Operating Procedure, Accounts Payable  
<http://www.fc.usace.army.mil/adobe/pub/ufc-13.pdf>

HECSA Financial Management Memorandum of Instruction (MOI# 37-1-01-05), dated 20 November 2000, Receiving Report Submission Requirements

## **Features of Series I Bonds**

**O**ur Customer Service Representatives (CSRs) are constantly asked questions about the Series I Bonds (I Bonds) and how they compare to the Series EE Bonds (EE Bonds). You can purchase your I Bonds through payroll deductions as with the EE bonds. The form used is the green-



colored Department of Defense Form SB-2305. The salmon-colored Department of Defense Form SB-2104 is used for the Series EE Bonds. There is a wealth of information on the internet Web Site at [www.savingsbonds.gov](http://www.savingsbonds.gov). We are providing our customers with information on the Series I Bonds.

I Bonds are based on a straightforward idea. They are sold at face value and grow with inflation-indexed earnings for up to 30 years. I Bonds are affordable. You can invest as little as \$50 or as much as \$30,000 per year. I Bonds are safe. They are U.S. Treasury securities backed by the full faith and credit of the United States Government. I Bonds have tax advantages. You can defer Federal taxes on earnings for up to 30 years, and they are exempt from state and local income taxes. The best part is you don't need to do anything to get these benefits—they are built right into I Bonds. I Bonds will usually increase in value every month, and interest is compounded semiannually. I Bonds are liquid and can be turned into cash any time after six months.

### ***Frequently Asked Questions about I Bonds (Features)***

#### **1. What are I Bonds?**

I Bonds are a new type of bond designed for investors seeking to protect the purchasing power of their investment and earn a guaranteed real rate of return. I Bonds are an accrual-type security—meaning interest is

added to the bond monthly and paid when the bond is cashed. I Bonds are sold at face value—you pay \$50 for a \$50 bond—and they grow in value with inflation-indexed earnings for up to 30 years.

#### **2. Why is the Treasury offering the I Bond and will it replace Series EE bonds?**

The Treasury is offering the I Bond to encourage more Americans to save for the future. We are offering investors a bond with a fixed rate combined with semiannual inflation adjustments that will help protect purchasing power. The I Bond will not replace Series EE bonds; both will be on sale to give investors a choice.

#### **3. How is the earnings rate of an I Bond determined?**

The earnings rate of an I Bond is a combination of two separate rates: a fixed rate of return and a variable semiannual inflation rate. The fixed rate remains the same throughout the life of the I bond, while the semiannual inflation rate can vary every six months. The fixed rate of return is announced by the Treasury Department each May and November. The fixed rate of return announced in May of a given year is the same over the entire life of the I Bonds you purchase between May 1 and October 31 of that year. Likewise, the fixed rate of return announced in November of a given year applies to the entire life of I Bonds you purchase between November 1 and April 30 of the following year. The semiannual inflation rate is also announced each May and November by the Treasury Department. The semiannual inflation rate is based on changes in the Consumer Price Index for all Urban consumers (CPI-U), which is reported by the Bureau of Labor Statistics. The semiannual inflation rate announced in May is a measure of inflation over the preceding October through March; the inflation rate announced in November is a measure of inflation over the preceding April through September. The semiannual inflation rate is combined with the fixed rate of an I Bond to determine the I Bond's earnings rate for the next six months.

#### 4. When are earnings added to the I Bond?

I Bonds increase in value each month, and interest is compounded semiannually. I Bonds increase in value on the first day of the month. An I Bond's issue date is the month and year when the full issue price is received by an I Bond issuing agent.

#### 5. Can I ever lose money in I Bonds?

No. I Bonds are U.S. Treasury securities backed by the U.S. Government. I Bonds even protect you from the effects of deflation. In the rare event that the CPI-U is negative during a period of deflation and the decline in the CPI-U is greater than the fixed rate, the redemption value of your I Bonds will remain the same until the earnings rate becomes greater than zero.

#### 6. How long will my I Bond earn interest?

I Bonds earn interest for up to 30 years.

#### 7. What are the tax advantages of the I Bond?

Earnings are exempt from state and local income taxes. Federal income taxes can be deferred for up to thirty years, or until redemption or other taxable disposition, whichever comes first.

#### 8. Is there a tax advantage for I Bonds used for college tuition?

Yes. If you qualify, you can exclude all or part of the interest on I Bonds (and on eligible EE bonds) from income as long as the proceeds are used to pay for tuition and fees at eligible post-secondary educational institutions. Details are available in IRS Publication 550, "Investment Income and Expenses."

### INVESTING IN AND REDEEMING I BONDS

#### 9. Which denominations of I Bonds are available?

On September 1, 1998, six denominations (\$50, \$75, \$100, \$500, \$1,000, and \$5,000) were made available for purchase through financial institutions across the country. Two additional denominations (\$200 and \$10,000) were added in May 1999.

#### 10. How much do I Bonds cost?

I Bonds fit all budgets. They are sold at face value in denominations of \$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000. This makes it easy to keep track of the growth of your bond's value.

#### 11. Is there a limit on how much I can invest each year in I Bonds?

Yes. You can only buy up to \$30,000 worth of I Bonds each calendar year. The purchase limitation for Series I Bonds isn't affected by purchases of Series EE Bonds.

#### 12. Where can I buy I Bonds?

You can order I Bonds at most local financial institutions. You just fill out a simple purchase order, pay for the bond, and your I Bond will be mailed to you within three weeks. I Bonds are also available through employer-sponsored payroll savings plans. Check with your employer to see if I Bonds are available where you work. If not, let them know you're interested!

#### 13. Can I Bonds be purchased as gifts?

I Bonds are great gifts for all occasions. An present it personally or it can be sent directly to the person receiving the gift. When you buy the I Bond, ask for a free gift certificate. The word "gift" won't appear on the I Bond.

#### 14. Who can own I Bonds?

U.S. citizens, residents, and workers of any age with a valid U.S. social security number can own I Bonds.

#### 15. How can I Bonds be registered?

There are three primary ways to register I Bonds:





- Single ownership: Only the registered owner can cash the I Bond.
- Co-ownership: Two individuals' names appear on the I Bond; either person may cash the I Bond without the knowledge or approval of the other. Upon the death of one co-owner, the other becomes the sole owner of the I Bond.
- Beneficiary: Only the owner may cash the I Bond during his or her lifetime. The beneficiary automatically becomes the sole owner of the I Bond when the original owner dies. The registration on an I Bond can be changed, but there are some restrictions.

#### **16. Where can I Bonds be redeemed?**

Most financial institutions serve as paying agents for I Bonds and Series EE Bonds. If they redeem Series EE Bonds, they also redeem I Bonds.

#### **17. When can I cash (redeem) an I Bond if I need the money?**

You can cash an I Bond anytime six months after the issue date to get the original investment plus the earnings. However, I Bonds are meant to be longer-term investments. So, if you redeem an I Bond within the first five years, there is a 3-month earnings penalty. For example, if you redeem an I Bond after 18-months, you'll get 15 months of earnings.

#### **18. Can Series EE Bonds be exchanged for I Bonds?**

No, Series EE Bonds can't be exchanged for I Bonds. You can cash the EE Bonds and use the proceeds to buy I Bonds; however, the interest earned on the EE Bonds must be reported on your Federal income tax return for the year in which they were cashed.

#### **19. Can I Bonds be exchanged for Series HH Bonds?**

No, I Bonds can't be exchanged for Series HH Bonds.

#### **20. How are lost, stolen, or destroyed I Bonds replaced?**

The Bureau of the Public Debt is authorized to replace lost, stolen, or destroyed I Bonds. You can file a claim by writing to: Bureau of the Public Debt, Parkersburg, West Virginia 26106-1328. You'll need to complete Form PD F 1048. Keep records of your I Bond serial numbers, issue dates, and the social security or taxpayer identification numbers in a safe place. This information will help speed up the replacement process. The Savings Bond Wizard is a great way to keep track of your bond inventory.

#### **21. What's new about the appearance of the I Bond?**



The I Bond's physical dimensions and the placement of the information will be the same as for Series EE Bonds. However, each I Bond denomination features a prominent American who has contributed to the history of this country; also, the background and colors are new and different from those of Series EE Bonds.

#### **FOR MORE INFORMATION ABOUT I BONDS**

#### **22. Can I write or call for more information?**

The easiest way is to check out the entire I Bond Web site or send an e-mail message. You can also write: Bureau of the Public Debt, Savings Bond Operations Office, Parkersburg, WV 26106-1328. To get current rate information on savings bonds, call: 1-800-4US-BOND (1-800-487-2663). You can also get detailed rate information by looking at the United States Savings Bonds/Notes Earnings Report. The Offering Circular (31 CFR 359) and Regulations Governing I Bonds (31 CFR 360) are available via our web site, or you can write to the above Parkersburg, WV address.

This FAQ is maintained by the Bureau of the Public Debt's Savings Bond Operations Office. Keep in mind that these questions may not fit all situations and are only intended as guidelines. Please send any questions or comments to: [SavBonds@bpd.treas.gov](mailto:SavBonds@bpd.treas.gov).

## ***I Bond vs. EE Bond Comparison Chart***

The chart below will help you understand, at a glance, the major differences between I Bonds and EE Bonds.

|                 | <b><i>EE Bond</i></b>  | <b><i>I Bond</i></b>  |
|-----------------|--|---|
| <b>Features</b> | Issued at 50% of face value. (A \$100 EE Bond cost \$50).  | Issued at face value. (A \$100 I Bond cost \$100).  |
|                 | Offered in 8 denominations (\$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000).  | Offered in 8 denominations (\$50, \$75, \$100, \$200, \$500, \$1,000, \$5,000, and \$10,000).   |
|                 | \$15,000 issued price (\$30,000 face value) annual purchase limit per person.  | \$30,000 annual purchase limit per Social Security Number.  |
| <b>Interest</b> | Calculated as 90% of 6-month averages of 5-year Treasury Securities yields.  | Calculated as an earning of a fixed rate of return and a semiannual inflation rate based on CPI-U.  |
|                 | Rates announced every May 1 and November 1.  | Rates Announcement: Same as EE  |
|                 | Guaranteed to reach face value in 17 years.  | No guaranteed level of earnings.  |
|                 | Increases in value monthly and compound semiannually. Interest is paid when the bond is redeemed.  | Generally increases in value monthly and interest compounds semiannually (except in periods of deflation when the bond value could remain unchanged). Interest is paid when the bond is redeemed. |
|                 | Earn interest for up to 30 years.  | Life span: Same as EE..   |
| <b>Exchange</b> | Can be exchanged for Series HH savings bonds   | Cannot be exchanged for any other series of savings bonds.  |
| <b>Cashing</b>  | Can be redeemed after first 6 months.  | Same as EE.   |
|                 | A 3-month interest penalty applies to bonds redeemed during the first 5 years  | Same as EE.   |
|                 | Financial institution reports interest earnings (difference between redemption value and purchase price) on IRS form 1099-INT. Savings bonds are exempt from state and local income taxes. | Same as EE.   |
|                 | Eligible for tax benefits upon redemption when used for qualified education expenses.  | Same as EE.   |

In our August 2000 issue of the Bottomline, we provided the proposed changes to the Thrift Saving Plan (TSP). We also explained the features of the new S and I funds. This current issue will focus on the actual TSP changes as of May 1, 2001 and new or revised publications in assisting you in managing your account. Additional detailed information can be accessed through the TSP Web Site [www.tsp.gov](http://www.tsp.gov).

### **TSP CHANGES FOR 2001**

#### **Before May 1, 2001**

#### **After May 1, 2001**

|  |  |
|--|--|
| The TSP had three investment funds: the Government Securities Investment (G) Fund, the Fixed Income Index Investment (F) Fund, and the Common Stock Index Investment (C) Fund.   | Beginning May 1, 2001, the TSP will have five investment funds: In addition to the G, F, and C Funds, there will be the Small Capitalization Stock Index Investment (S) Fund and the International Stock Index Investment (I) Fund.  |
| You could start contributing to the TSP during the second open season after you were hired. If you were rehired (after a break in service of 31 or more full calendar days) and were previously eligible to participate in the TSP, you could sign up to contribute to the TSP during the first open season after you were rehired.  | During the May 15 - July 31, 2001 open season, all FERS and CSRS employees will be eligible to enroll in the TSP. After June 30, 2001, all newly hired and rehired FERS and CSRS employees will be immediately eligible to enroll during an initial 60-day sign-up period.   |
| You could change the way your payroll contributions were allocated only by submitting Form TSP-1 to your agency during an open season.   | Beginning May 1, 2001, you may allocate future contributions among TSP funds at any time by using the TSP Web site or the Thrift Line, or by mailing Form TSP-50 to the TSP record keeper.   |
| The TSP Web site and ThriftLine provided general Plan information and allowed you to make an interfund transfer, change or request a PIN, check the status of a loan or withdrawal request, and determine your current account balance and the amount available for a loan. On the Web site, you could also download TSP forms and materials and use interactive calculators to project a future account balance or estimate annuity payments. | Beginning May 1, 2001, in addition to everything you could do before on the Web site and ThriftLine, you may also change the way your future contributions are invested by changing your contribution allocation. On the Thrift Line, you may speak to a service representative during business hours by pressing "0." |
| All loan and withdrawal requests had to be approved by the fourth business day of the month for payment in that month. Payments were generally made around mid-month.  | Beginning May 1, 2001, loan and withdrawal requests must be approved by the last business day of the month for payment in the following month. Payments will be made earlier in the month.   |
| FERS employees could contribute up to 10 percent of their salaries. CSRS employees could contribute up to 5 percent of their salaries.   | Effective July 2001, FERS employees may contribute up to 11 percent of their salaries. CSRS employees may contribute up to 6 percent of their salaries. All participants may submit a request to increase their contributions during the May 15 - July 31, 2001 open season.   |

|  |   |
|--|---|
| You could not transfer funds into the TSP from other retirement plans. | Beginning in July 2001, you may transfer funds into your TSP account from 401(k) plans and other qualified retirement plans established by your previous employer(s) or from conduit Individual Retirement Accounts (IRAs). |
| Participation in the TSP was limited to Federal civilian employees.    | Beginning October 9, 2001, members of the uniformed services on active duty and members of the Ready Reserve may enroll in the TSP, with contributions to commence in January 2002.   |

## What's New on the TSP Web Site

The following revised products, dated May 2001, are available in the Forms & Publications page:

Booklet: Withdrawing Your TSP Account After Leaving Federal Service  
 Booklet: Summary of the Thrift Savings Plan for Federal Employees  
 Booklet: Guide to TSP Investments  
 Booklet: TSP At A Glance

### ***TSP Forms and Products by Purpose:***

Thrift Savings Plan Highlights  
 Leaflet: Take a closer look at the TSP  
 Web Site/ThriftLine Information Card  
 Leaflet: One Perfect Match  
 Leaflet: Start on the Right Track  
 Using the TSP Web Site and ThriftLine

***Tax notice:*** Important Tax Information About Thrift Savings Plan Death Benefit Payments

***Tax notice:*** Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders

The following revised forms, dated May 2001, are now available in the Forms & Publications page:

TSP-1, Election Form  
 TSP-70/70-T, Withdrawal Request  
 TSP-72, Request for TSP Materials



**Overheard on the commuter train: "I wouldn't recommend my stock advisors. They've been wrong so much lately, they've just qualified to become a 'non-prophet' organization!"**



## **Helpful Web Sites**

### **DFAS**

<http://www.dfas.mil/>

### **Office of the Assistant Secretary of the Army for Financial Management and Comptroller**

<http://www.asafm.army.mil/default.asp>

### **Garnishments**

<http://www.dfas.mil/money/garnish>

### **JTR & JFTR Joint Travel Regulation and Joint Federal Travel Regulation**

<http://www.dtic.mil/perdiem/trvlregs.html>

### **Travel Policy and Procedures**

<http://www.dtic.mil/perdiem/>

### **Per Diem Rates – Query**

<http://www.dtic.mil/perdiem/pdrates.html>

### **Reengineered Travel**

<http://www.dtic.mil/travelink/>

### **USACE Finance Center**

<http://www.fc.usace.army.mil>

### **Comptroller General Decisions**

<http://www.gao.gov/decisions/decision.htm>

### **GSA Home Page**

<http://www.gsa.gov>

### **GSA Value Lodging**

<http://www.gsa.gov/regions/r9/travel/>

### **HECSA Resource Management Office**

<http://www.hecsa.usace.army.mil/hecsarmm.htm>

### **GSA Federal Travel Regulation - click on Travel Management**

<http://policyworks.gov/org/main/mt/homepage/mt/mtthp.htm>

### **Social Security Administration**

<http://www.ssa.gov/>

### **TSP**

<http://www.tsp.gov>

### **CEFMS Business Process Guide for HQUSACE**

[http://www.hecsa.usace.army.mil/hxsystems/toc\\_hq.htm](http://www.hecsa.usace.army.mil/hxsystems/toc_hq.htm)

### **Hotel Tax Exempt Forms**

<http://www.wes.army.mil/SSE/travel/taxexemp.htm>

### **DoD Transit Subsidy Web Site**

<http://www.dtic.mil/ref/html/NCRTransitpass.html>

### **Applying for the Transit Subsidy Program**

<http://www.dtic.mil/ref/html/Applying.html>

### **Withdrawing from the Transit Subsidy Program**

<http://www.dtic.mil/ref/html/Disenrolling.html>

### **Transit Subsidy Distribution Dates (All Locations)**

<http://www.dtic.mil/ref/html/Disbursementloc.html>

